

RESOLUTION NO. 2004-244

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF ROCKLIN
ACCEPTING THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR 2002-2003

The Redevelopment Agency does resolve as follows:

Section 1. The Redevelopment Agency of the City of Rocklin hereby accepts the audited financial statements for the fiscal year 2002-2003 in the form attached hereto as Exhibit A and by this reference incorporated herein.

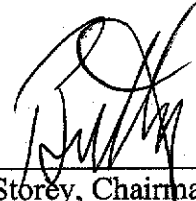
PASSED AND ADOPTED this 22nd day of June, 2004, by the following roll call vote:

AYES: Agency Members: Hill, Lund, Magnuson, Yorde, Storey

NOES: Agency Members: None


ABSENT: Agency Members: None

ABSTAIN: Agency Members: None



Brett Storey, Chairman

ATTEST:



Secretary

SM/sm

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Redevelopment Agency of the City of Rocklin

Rocklin, California

***Basic Financial Statements
and Independent Auditors' Reports***

For the year ended June 30, 2003

C&L
Caporicci & Larson
Certified Public Accountants

Redevelopment Agency of the City of Rocklin

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Redevelopment Agency of the City of Rocklin

Agency Board and Other Officials

AGENCY BOARD

	<u>Term Expires</u>
Kathy Lund, Chairperson	2006
Ken Yorde	2006
Peter Hill	2004
Brett Storey	2004
George Magnuson	2004

OTHER OFFICIALS

	<u>Position</u>
Carlos Urrutia	Executive Director
Rex E. Miller	Fiscal Officer
Cindy Schaer	Economic Development and Housing Manager
Sandra Davies	Secretary

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Rocklin Redevelopment Agency
Rocklin, California

We have audited the accompanying basic financial statements of the Redevelopment Agency of the City of Rocklin (Agency), a component unit of the City of Rocklin, as of and for the year ended June 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Governmental Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2003, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the Agency adopted statements of the Governmental Accounting Standards Board No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; and No. 38, *Certain Financial Statement Note Disclosures*.

The management's discussion and analysis, the budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City of Rocklin, omitted an analysis of the governmental-wide financial activities in the management discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Caporicci & Larson

Oakland, California
October 10, 2003

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Redevelopment Agency of the City of Rocklin

Basic Financial Statements

For the year ended June 30, 2003

Management's Discussion and Analysis

This section of the Redevelopment Agency of the City of Rocklin (Agency) basic unit financial statements presents management's discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2003. Since this management's discussion and analysis is designed to focus on current activities, resulting change and current known facts, please read it in conjunction with the Agency's basic financial statements, and the footnotes.

In December 1998, the Governmental Accounting Standards Board (GASB) released statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which revised the reporting of property tax revenue. In June 2002, GASB released statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Changes in Statement No. 34 require a comprehensive look at the entity as a whole and capitalization of assets and depreciation.

I. Financial Highlights

At June 30, 2003, the Agency's net assets for governmental funds only, increased to (\$1,467,441) from (\$2,150,180) in 2002, as restated under the GASB#34 presentation. "Operating" revenues decreased by \$2,111,686 in fiscal year 2003, however "non-operating" revenues increased by \$2,436,681. This shift in the classification of revenues was due to the reporting requirements under the new GASB No. 34 guidelines. Under this new format revenues such as taxes and interest earnings are deemed "non-operating," and revenues such as grants are deemed "operating." At this time the agency has only "non-operating" revenues. Operating expenses decreased by \$344,816 and non-operating expenses increased by \$263,916. This results in a decrease of \$80,900. In Fiscal Year 2002 \$2,263,640 was used to purchase securities to fund the escrow account as a requirement of the refunding of the 1994 Tax Allocation Bonds.

II. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. The Agency, while a separate legal entity, acts as a financial conduit for the City and as such does not hold title to the assets it helps construct. Therefore, its net assets are not any indication of its financial health.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Redevelopment Agency of the City of Rocklin

Basic Financial Statements

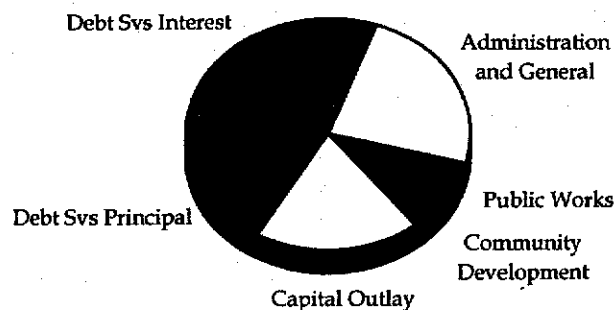
For the year ended June 30, 2003

Management's Discussion and Analysis, Continued

Operating Results For the years ended June 30, 2003 and 2002

	2003	2002	Net Asset Increase (Decrease)	% Change
Operating Revenues	\$ 39,589	\$ 2,151,275	\$ (2,111,686)	-98%
Operating Expenses	(949,934)	(1,294,750)	(344,816)	-27%
Operating gain (loss)	(910,345)	856,525	(1,766,870)	
Nonoperating revenues	2,748,141	311,460	2,436,681	782%
Nonoperating expenses	(900,231)	(636,315)	263,916	41%
Net Income (Loss)	937,565	531,670	405,895	
Other financing sources (uses):				
Transfers in (out)	(254,826)	(253,330)	(1,496)	1%
Bond Proceeds	-	11,466,360	(11,466,360)	-100%
GASB #34 Adjustment for LT Debt	-	(17,015,409)	17,015,409	-100%
Total Other financing sources (uses)	(254,826)	(5,802,379)	5,547,553	
Net operating income over (under) other financing sources (uses)	682,739	(5,270,709)	5,953,448	-113%
Net Assets:				
Beginning of the year	(2,150,180)	3,120,529	(5,270,709)	-169%
End of the year	\$ (1,467,441)	\$ (2,150,180)	\$ 682,739	-32%

Operating Expenses



Redevelopment Agency of the City of Rocklin

Basic Financial Statements

For the year ended June 30, 2003

Management's Discussion and Analysis, Continued

VI. Capital Asset and Debt Administration

Capital Assets As of June 30, 2003, the Agency's capital assets were \$546,890. The major capital expenditure during the year was the purchase of two vacant parcels within the Project Area known as "the Vivilacqua property" and the "Barakat property."

Long-term Debt At the end of the current fiscal year, the Agency had total bonded debt outstanding of \$16,375,000. All bonded debt of the Agency is secured by the tax increment revenues of the Agency.

Prior Yr. Pass-Through Debt As part of the establishment of the City's Redevelopment Plan in 1986, the Agency agreed to pass-through a portion of any incremental taxes it collects through fiscal year 1997 to Placer County, the predecessor of the Agency as the taxing authority in the Redevelopment Area. The agreement was revised upon adoption of the Plan Amendment in 1997. Payments of the amounts accumulated began in 1998 and are to be made in equal annual installments over ten years, with interest at four percent. As of June 30th, 2003 the balance due on this debt was \$183,792.

The Agency's debt decreased by \$456,616 during the fiscal year. The decrease was the result of scheduled annual repayment of existing debt. The Agency did not issue any new bonds in 2002-03.

VII. Economic Factors and Next Year's Budgets

Since the Agency's primary source of revenue is tax increments, property values and new construction in the redevelopment area are the key economic factors that define the future resources of the agency. The area within the Agency is a mix of older commercial buildings and single family residences along with several undeveloped parcels. Most of the revenue growth for the Agency is expected to come from an increase in future construction and rehabilitation in the project area creating an increase in Assessed Values.

The anticipated tax increment for Fiscal Year 2003-2004 is \$2,333,900. Of this, \$466,780 (20%) will be set aside for the low-moderate housing fund to be used for housing projects and/or low interest loans for first time homebuyers.

The expenditures budgeted for the upcoming fiscal year include \$291,900 for compensation, \$1,939,200 for operating expenditures, and \$5,506,600 for capital projects to include rehabilitation of project area roadways and sidewalks, a drainage master plan, a pedestrian crossing for the Rocklin Train Depot, and partial funding of the Sierra College/I80 Interchange Right of Way construction. In addition, the Agency is presently in the process of amending the Redevelopment Plan to include additional projects including the Police Station, Gym/Multi-Use Facility at Rocklin Elementary School, and a Senior Center.

VIII. Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, 3970 Rocklin Road, Rocklin, California, 95677.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Redevelopment Agency of the City of Rocklin
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Operating Grants and Contributions	Total	
Primary government:				
Governmental activities:				
General government	\$ 648,019	\$ -	\$ -	\$ (648,019)
Public works	107,818	-	-	(107,818)
Community development	194,097	-	-	(194,097)
Interest on long-term debt	900,231	-	-	(900,231)
Total primary government	<u>\$ 1,850,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,850,165)</u>
General revenues:				
Property tax increments				2,493,803
Use of money and property				293,927
Transfers to other City funds				<u>(254,826)</u>
Total general revenues and transfers				<u>2,532,904</u>
Change in net assets				<u>682,739</u>
Net assets - beginning of year, as restated				<u>(2,150,180)</u>
Net assets - end of year				<u>\$ (1,467,441)</u>

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Redevelopment Agency of the City of Rocklin
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2003

Total Fund Balances - Total Governmental Funds **\$ 14,836,398**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 546,890

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (291,937)

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. (16,558,792)

Net Assets of Governmental Activities Focus **\$ (1,467,441)**

Redevelopment Agency of the City of Rocklin

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets for the year ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds

\$ (387,389)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

546,890

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.

This amount represents long-term debt repayments.

456,616

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from prior year.

66,622

Change in Net Assets of Governmental Activities

\$ 682,739

Redevelopment Agency of the City of Rocklin

Notes to Basic Financial Statements

For the year ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Rocklin (City) established the Redevelopment Agency (Agency) in 1986. The Agency consists of the Redevelopment Project Area (Area).

The Area consists of 1640 acres of territory within the. The Area was established to reduce and eliminate many aspects of visual, economic, physical and social blight. In pursuing this goal the Agency focuses on projects and programs that will most directly and immediately leverage new industrial, commercial and housing investment within the Area. The Agency may also assist in upgrading the infrastructure within the Area.

B. *Basis of Accounting and Measurement Focus*

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements - The Agency Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the Agency. The Agency has no Business-Type Activities.

The Government-Wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as revenues for the Agency are general revenues such as property tax increment and investment earnings.

The Agency applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) to the governmental activities.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements. The Agency has presented all funds as major funds.

Redevelopment Agency of the City of Rocklin
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash and Investments, Continued

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the Agency and are presented as "Cash and Investments" in the accompanying financial statements.

E. Loans Receivable

Loans receivable are fully reserved in the equity section of the Balance Sheet, as they do not represent "current financial resources."

F. Capital Assets

Capital assets are those assets acquired for general governmental purposes. Such assets currently purchased are recorded as expenditures in the Fund Financial Statements.

G. Long-term Obligations

Government-Wide Financial Statements - Long-term debt and other financed obligations are reported as liabilities in the governmental activities.

Fund Financial Statements - The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

H. Compensated Absences

Compensated absences are charged to operating expenditures when paid. Vacation and related benefits fully vest as earned and are paid in full upon termination. Vested vacation obligations are recorded in the Agency's Government-Wide Financial Statements as accrued compensated absences until paid. The Agency is not liable for payment to employees for accrued sick leave and no related liability is recorded in the accompanying basic financial statements. The Agency's portion of related liabilities is not considered significant to the Agency.

Redevelopment Agency of the City of Rocklin
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Implementation of New GASB Pronouncements

The Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*
- Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*
- Statement No. 38, *Certain Financial Statement Note Disclosures*

GASB No. 34 is a new financial reporting requirement for local governments in the United States. The Agency has implemented this pronouncement and has restructured much of the information that it has presented in the past. The main goal is to make the reports more comprehensive and easier to understand and use.

GASB Statement No. 37 addresses selected issues and amends GASB Statements No. 21, *Accounting for Escheat Property*, and No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. These Statements make selective changes including accounting for Escheat Property, Management's Discussion and Analysis, Capitalization of Construction – Period Interest, Modified Approach for Reporting Infrastructure, Program Revenues and Major Fund Criteria.

GASB Statement No. 38 establishes and modifies disclosure requirements related to Summary of Significant Accounting Policies, actions taken to address violations of significant finance – related legal and contractual provisions, debt and lease obligations, short-term debt, disaggregation of receivable and payable balances, and interfund balances and transfers.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2003 consisted of the following:

Cash and investments pooled with the City	\$ 14,005,595
Restricted cash and investments	<u>292,750</u>
Total cash and investments	<u>\$ 14,298,345</u>

Redevelopment Agency of the City of Rocklin
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2003

2. CASH AND INVESTMENTS, Continued

The Agency's cash deposits at year-end are categorized below to give an indication of the level of credit risk assumed by the Agency.

Category 1 - Deposits which are insured by the FDIC.

Category 2 - Deposits which are collateralized. The California Government Code requires California banks and savings and loan associations to secure an Agency's deposits by pledging government securities with a value of 110% of an Agency's deposits, or by pledging first trust deed mortgage notes having a value of 150% of an Agency's total deposits.

Category 3 - Deposits which are uninsured or uncollateralized.

Investments

The Agency's investments at year-end are categorized below to give an indication of the level of credit risk assumed by the Agency.

Category 1 - Investments which are insured by the Securities Investors Protection Corporation (SIPC), or investments which are held in definitive form by the Agency or the Agency's agent in the Agency's name, or investments acquired through the Federal Reserve book-entry system where the financial institution or broker/dealer associated with the purchase is adequately segregated from the custodial safekeeping agent on the same investments, and where the investments are recorded on the books and records of the financial institution or broker/dealer in the name of the Agency.

Category 2 - Investments which are uninsured, where the investments are acquired through a financial institution's investment or trading department, but are held in the same financial institution's trust department and are recorded in the Agency's name in the trust department's systems and records.

Category 3 - Investments which are uninsured, (1) where the investments are acquired through a financial institution's investment department but are held for custodial purposes in the same financial institution's safekeeping department, or (2) where the investments are acquired through a financial institution's trust department, and held for custodial safekeeping by the same trust department, or (3) where the investments are acquired through, and held for safekeeping by, the same broker/dealer, or (4) where investments are not held in the Agency's name in the systems and records of the financial institution or broker/dealer.

Uncategorized - Certain cash deposits and investments are not subject to categorization under GASB Statement No. 3 and are identified as "Not Required to be Categorized."

The Agency had no risk Category 1, 2, or 3 investments.

Redevelopment Agency of the City of Rocklin
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2003

4. CAPITAL ASSETS

The following is a summary of the Agency's capital assets:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Capital assets, nondepreciable:				
Land	\$ -	\$ 546,890	\$ -	\$ 546,890
Total capital assets	\$ -	\$ 546,890	\$ -	\$ 546,890

5. LONG-TERM OBLIGATIONS

Summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within one year	Due in more than one year
2002 Tax Allocation Bonds	\$ 13,730,000	\$ -	\$ (330,000)	\$ 13,400,000	\$ 105,000	\$ 13,295,000
1997 Refunding Tax Allocation Bonds	3,060,000	-	(85,000)	2,975,000	90,000	2,885,000
Pass-through Obligation	225,408	-	(41,616)	183,792	43,281	140,511
Total	\$ 17,015,408	\$ -	\$ (456,616)	\$ 16,558,792	\$ 238,281	\$ 16,320,511

2002 Tax Allocation Bonds

On January 1, 2002, tax allocation bonds were issued, in the amount of \$13,730,000, to defease the 1994 tax allocation bonds of the Agency. The proceeds of the tax allocation bonds are being used to finance certain capital improvements within the Agency's project area. The bonds are payable from and secured by certain tax revenues payable to the Agency. Tax increment revenues are the sole revenue source pledged for repayment of this debt. The bonds mature annually through September 1, 2032 in amounts ranging from \$95,000 to \$1,060,000 beginning September 1, 2002. The interest on the bonds is payable semiannually on each March 1 and September 1, commencing September 1, 2002 with the interest rates ranging from 4.60% to 5.50%. The outstanding balance as of June 30, 2003 was \$13,400,000.

Redevelopment Agency of the City of Rocklin
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2003

5. LONG-TERM OBLIGATIONS, Continued

Pass-through Obligation

As part of the establishment of the City's Redevelopment Plan in the 1986, the Agency agreed to pass-through a portion of any incremental taxes it collects through fiscal year 1997 to Placer County, which preceded the Agency as the taxing authority in the Redevelopment Area. The agreement was revised upon adoption of the Plan Amendment in 1997. Payments of the amounts accumulated began in 1998 and are to be made in equal annual amounts over ten years, with interest at four percent.

6. INTERFUND TRANSACTIONS WITH CITY

At June 30, 2003, the Agency owed the City \$183,751. These were loaned by the City to the Agency to pay debt service expenses. This loan will be paid off in the following year from tax increment revenues.

As of June 30, 2003, the Agency had made \$254,826 in transfers to the City to finance various projects with in the City.

7. RISK MANAGEMENT

General Liability Insurance

The Agency is insured under the City which is self-insured for the first \$25,000 of each liability loss and participates in the Northern California Cities Self Insurance Fund (NCCSIF), a joint powers authority of city governments. NCCSIF provides liability coverage up to \$500,000 for each claim. The City maintains excess insurance coverage provided through the NCCSIF which covers a maximum loss of \$15,000,000. The City is insured for liability occurrences up to \$25,000,000. The City is not insured for liability occurrences over \$25,000,000.

Workers' Compensation

The Agency is insured under the City which is self-insured for the first \$100,000 of each loss and participates in the NCCSIF which provides coverage for a maximum loss of \$300,000 and purchases commercial excess workers' compensation insurance providing the City with coverage for an individual accident resulting in claims up to California statutory limits. The City also maintains employer's liability insurance through NCCSIF which provides coverage for claims up to \$5,000,000.

Claims for long-term disability are covered by insurance. Estimated reserves for claims are recorded in the General Fund and General Long-Term Debt Account Group of the City. No claim settlement exceeded either this self-insured amount or the insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Redevelopment Agency of the City of Rocklin
Required Supplementary Information, Continued
For the year ended June 30, 2003

1. BUDGETARY PRINCIPLES, Continued

Budgetary Comparison Schedule - Special Revenue Fund

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 415,000	\$ 415,000	\$ 496,409	\$ 81,409
Intergovernmental	-	-	7,165	7,165
Use of money and property	40,300	40,300	43,124	2,824
Total revenues	455,300	455,300	546,698	91,398
EXPENDITURES:				
Current:				
General government	704,000	704,000	187,910	516,090
Community activities	60,300	60,300	16,789	43,511
Total expenditures	764,300	764,300	204,699	559,601
REVENUES OVER (UNDER) EXPENDITURES	(309,000)	(309,000)	341,999	650,999
OTHER FINANCING SOURCES (USES):				
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	(250,000)	(250,000)	(250,000)	-
Net change in fund balances	\$ (559,000)	\$ (559,000)	91,999	\$ 650,999
FUND BALANCES:				
Beginning of year			1,481,671	
End of year			<u>\$ 1,573,670</u>	

SUPPLEMENTARY INFORMATION



Caporicci & Larson
Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
of the Rocklin Redevelopment Agency
Rocklin, California

We have audited the basic financial statements of the Redevelopment Agency of the City of Rocklin (Agency) as of and for the year ended June 30, 2003, and have issued our report thereon dated October 10, 2003. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements of the Agency are free of material misstatements, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. Such provisions included those provisions of laws identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Agency's Board, management, and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
October 10, 2003

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